

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN STEVE VICK**, on January 17, 2001 at 3:00 P.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Steve Vick, Chairman (R)  
Rep. Dave Lewis, Vice Chairman (R)  
Rep. Matt McCann, Vice Chairman (D)  
Rep. John Brueggeman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Rep. Tim Callahan (D)  
Rep. Edith Clark (R)  
Rep. Bob Davies (R)  
Rep. Stanley Fisher (R)  
Rep. Dick Haines (R)  
Rep. Joey Jayne (D)  
Rep. Dave Kasten (R)  
Rep. Christine Kaufmann (D)  
Rep. Monica Lindeen (D)  
Rep. Jeff Pattison (R)  
Rep. Art Peterson (R)  
Rep. Joe Tropila (D)  
Rep. John Witt (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Paula Broadhurst, Committee Secretary  
Taryn Purdy, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 105 HB 226, 01/15/2001  
Executive Action:

**Sponsor:** Rep. Keith Bales, HD 01, Otter

**Proponents:** Sen. Ric Holden SD 01, Glendive

William Duffield, Chairman, Montana Association of Oil, Gas and Coal Counties,  
Bob Gilbert, Rosebud County, City of Colstrip  
Kyle Butts, former County Commissioner, Powder River County, James Deckert, Commissioner, Dawson County,  
Richard Dunbar, Commissioner, Phillips County  
Rep. Alan Olson, HD 8, Roundup,  
Patrick M. Montalban, Northern Montana Oil and Gas Association, Joan Stahl, Commissioner, Rosebud County, Board of Directors, Montana Association of Oil and Gas Counties,  
Chad Fenner, County Commissioner, Big Horn County,  
Tom McDowell, Powder River County Commissioner,  
Rep. Monica Lindeen, HD 7, Huntley,  
Gordon Morris, Director, Montana Association of Counties,  
Gloria Paladichuk, Richmond Economic Development, City of Glendive,  
Jeff Hindoien, Office of the Governor,  
Gail Ambercombie, Executive Director, Montana Petroleum,  
Alec Hansen, Montana Legal Cities and Towns,  
Tom Daubert, Montana Association of Oil, Gas, and Coal Counties, Rep. Dave Kasten, HD 99, Brockway

**Opponents:** None.

**Opening Statement by Sponsor:**

Rep. Keith Bales HD 01, Otter, introduced HB 226 which would allocate a portion of federal mineral royalty funds to counties.

**Proponents' Testimony:**

Sen. Ric Holden, SD 01, Glendive, spoke about HB 226 and handed out information on the bill. **EXHIBIT(aph13a01)**  
**EXHIBIT(aph13a02)** **EXHIBIT(aph13a03)**  
**EXHIBIT(aph13a04)**. Sen. Holden also passed around amendments he would like made to HB 226. **EXHIBIT(aph13a05)**

William Duffield, Chairman, Montana Association of Oil, Gas and Coal Counties, spoke in favor of HB 226 and explained to the committee the impacts federal mineral royalty funds would have on counties. **EXHIBIT(aph13a06)** **EXHIBIT(aph13a07)**

**Bob Gilbert, Rosebud County, City of Colstrip,** spoke in favor of HB 226 and how this money is owed to the people from the state of Montana and how this bill encourages that to happen.

**Kyle Butts, former County Commissioner, Powder River County,** spoke for HB 226 and told the committee how oil and gas impact monies should be given back to counties that have suffered hardships.

**James Deckert, Commissioner, Dawson County,** commented that eastern Montana counties are in a desperate situation and this bill would allow some meaningful relief for them.

**Richard Dunbar, Commissioner, Phillips County,** spoke in favor of HB 226. **EXHIBIT**(aph13a08) **EXHIBIT**(aph13a09)

**Rep. Alan Olson, HD 8, Roundup** spoke in favor of HB 226.

*{Tape : 1; Side : A; Approx. Time Counter : 24.5}*

**Patrick M. Montalban, Northern Montana Oil and Gas Association,** stood in support of HB 226.

**Joan Stahl, Commissioner, Rosebud County, Board of Directors, Montana Association of Oil and Gas Counties,** spoke in favor of HB 226. **EXHIBIT**(aph13a10)

**Chad Fenner, County Commissioner, Big Horn County,** stood in support of HB 226.

**Tom McDowell, Powder River County Commissioner,** stood in support of HB 226.

**Rep. Monica Lindeen, HD 7, Huntley** spoke in favor of HB 226.

**Gordon Morris, Director, Montana Association of Counties,** stood in favor of HB 226.

**Gloria Paladichuk, Richmond Economic Development and the City of Glendive,** stood in support of HB 226.

**Jeff Hindoien, Office of the Governor,** said that he is also an informational witness and that the governor is committed to finding a way to resolve the concerns over whether or not the matter in which they are expending mineral rights complies with federal law. He then stated that the Office of the Governor is not convinced that this is necessarily the correct solution and obviously there is concern over the fiscal impact of this particular bill. He then commented that he wanted to let the

committee know that the Office of the Governor is very concerned about the underlying federal law compliance issue that lies at the root of HB 226.

**{Tape : 1; Side : B; Approx. Time Counter : 3.9}**

**Gail Abercombie, Executive Director, Montana Petroleum Association,** spoke in favor of HB 226.

**Alec Hansen, Montana Legal Cities and Towns,** spoke in favor of HB 226 and told how this money is needed for the economy.

**Tom Daubert, Montana Association of Oil, Gas and Coal Counties,** stood in favor of HB 226 and passed around a letter for the committee. **EXHIBIT (aph13a11)**

**Rep. Dave Kasten, HD 99, Brockway,** spoke in favor of HB 226 .

**Opponents' Testimony:** None.

**Informational Testimony:** None.

**Questions from Committee Members and Responses:**

**Rep. Jayne** asked what some of the specific economic development projects were that the fund could be used for and how the funds would be distributed to the counties.

**Sen. Holden** stated that the idea is to direct the money back to the impacted counties and that money would be spent in the counties where those types of revenue derived from, and they would be the counties that could apply to the impact board for funding of a particular project. He then commented that all the counties would be equal in applying to the impact board and that the bill opens up the projects to a broad variety and is not specific. **Sen. Holden** stated that it also incorporates the possibility of joint ventures for the private businesses.

**Rep. Jayne** asked if the federal government funding source notice given to the state, that Montana is not in compliance?

**Sen. Holden** stated not the he knows of, has the funding source given notice to the State of Montana.

**Rep. Jayne** asked the penalties for the state if they do not comply with this federal law.

**William Duffield** answered that only **Governor Schaeffer of North Dakota** could answer that because they passed a similar bill in North Dakota two years ago.

**Rep. Buzzas** asked about the compliance with the federal statute and the mandate.

**Sen. Holden** answered by using the states of North Dakota and Utah that were strongly advised to come into compliance he believes the words "priority" and "impacted" are just as strong and maybe even more pointed than the word "may".

**Rep. Buzzas** stated that if this was a mandate the word should be "shall" instead of "may".

**Rep. Jayne** asked if the state has given any of these impacted counties any money from the general fund.

**Sen. Holden** answered that no, there is no direct priority funding towards these counties.

**Rep. Jayne** asked if there will be any FTE's created with this money.

**Sen. Holden** answered no.

*{Tape : 1; Side : B; Approx. Time Counter : 22.9}*

**Rep. Lindeen** asked if the amendments address the technical notes.

**Sen. Holden** answered that they do.

**Rep. Kauffman** asked how much money comes in totally from these royalties statewide.

**Sen. Holden** referred to the chart he handed out.

**William Duffield** pointed out that the amount of royalty money that is going to come into the state is going to depend on the amount of production and the price of oil.

**Rep. Vick** asked where did the 50% figure come from in this bill.

**Sen. Holden** replied they looked at North Dakota and went by that and enhanced it with an economic development board.

**Rep. Vick** asked if they also got the idea of the trust from North Dakota.

**Sen. Holden** replied no, that was their idea.

**Closing by Sponsor:**

**Rep. Bales** closes on HB 226.

*{Tape : 2; Side : B; Approx. Time Counter : 5}*

**HEARING ON HB 105**

**Sponsor:** Rep. Dick Haines, HD 63, Missoula

**Proponents:**

**Stew Kirkpatrick, Coordinator, State GIS, Department of Administration,**  
**Jon Sesso, Planning Director, Butte-Silver Bowe,**  
**Chris Smith, Chief of Staff, Fish, Wildlife and Parks,**  
**Dolores Cooney, Department of Revenue,**  
**Jim Hill, Director, Natural Resource Information System,**  
**Linda Stoll, Missoula County**

**Opponents:** None.

**Opening Statement by Sponsor:**

**Rep. Dick Haines, HD 63, Missoula,** introduces HB 105.

**Proponents' Testimony:**

**Stew Kirkpatrick, Coordinator, State GIS, Department of Administration** stood in favor of HB 105 and commented that this bill is really about geographical data and is a tool to expand and manage a wider variety of applications beyond just natural resources.

**Jon Sesso, Planning Director, Butte-Silver Bowe,** commented that GIS has been an extremely valuable tool to manage their land, records very well and particularly to provide citizens doing land transactions with the best service they deserve. It has also helped them manage their superfund clean-up efforts, to manage where things are being cleaned up, and who owns what property in the long term how they can best manage that property.

**Chris Smith, Chief of Staff, Fish Wildlife and Parks,** stood in favor of HB 105 commenting how GIS helps them in their resource agencies.

**Dolores Cooney, Departement of Revenue,** stood in support of HB 105 stating that the department of revenue uses the GIS system extensively in their valuation and assessment process.

**Jim Hill, Director, Natural Resource Information System,** stood in support of HB 105 and commented that GIS system tools are used throughout their operation to make data available to state agencies, private industry and Montana citizens.

**Linda Stoll, Missoula County,** stood in favor of HB 105.

**Opponents' Testimony:** None.

**Questions from Committee Members and Responses:**

**Rep. Buzzas** asked about the grants and loans part of GIS.

**Rep. Haines** answered that the grant would not be repaid.

**Rep. Lindeen** asked if the council already exists or is it being created.

**Rep. Haines** answered that it already exists.

***{Tape : 2; Side : A; Approx. Time Counter : 29}***

**Rep. Lindeen** asked what is the make-up of the council.

**Stew Kirkpatrick** replied with a list of who and what the council is comprised of.

**Rep. Lindeen** asked about statutory appropriations and if there are any, and how much will they be.

**Rep. Haines** answered that there would be an appropriation of \$50,000.

**Rep. Tropila** enquired how much interest does he figure will be generated for grants per year, and do they plan to charge interest on the loans?

**Rep. Haines** replied yes, loans will be specified by the Department of Administration.

**Rep. Lewis** asked if he is looking at this as a cash flow deal.

**Jon Sesso** responded that yes, it will be paid back if they get the opportunity to borrow and they will have to get council approval to borrow the money.

**Rep. Lewis** brought up the fact that the State Board of Investments runs a program called Inter-caps that is set up to give short-term loans to local government units and is something they should keep in mind for this program.

**Jon Sesso** answered that the amounts of inter-cap loan amounts are such low amounts that they are advised to save the opportunities with inter-cap for the bigger projects that they face on the local government level.

**Rep. Peterson** asked if there is a manual on this where they can get more information on GIS.

***{Tape : 2; Side : B; Approx. Time Counter : 9.8}***

**Jon Sesso** acknowledged that there is not a manual, so to speak, but that there are documents that his office could provide for the committee.

**Rep. Kasten** asked about the statutory appropriation.

**Rep. Lewis** replied that this is a master statute for statutory appropriations.

**Closing by Sponsor:**

**Rep. Haines** closes on HB 105.



**ADJOURNMENT**

Adjournment: 4:47 P.M.

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REP. STEVE VICK, Chairman

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PAULA BROADHURST, Secretary  
SUSIE HAMILTON, TRANSCRIBER

SV/PB/SH

**EXHIBIT (aph13aad)**